

Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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R 101135Z FEB 76
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 3649
INFO USDOC WASHDC
AMEMBASSY CAIRO

LIMITED OFFICIAL USE JIDDA 0982

E.O. 11652: N/A

TAGS: ETRD, BDIS, EFIN, PFOR, SA

SUBJECT: U.S. FIRM GULF AND WESTERN, ADVANCED DEVELOPMENT AND
ENGINEERING, 101 CHESTER ROAD, SWARTHMORE, PENNSYLVANIA
19081, REJECTS BANK CONFIRMATION SAUDI L/C

REF (A) STATE 016785, (B) 75 STATE 299670, (C) JIDDA 0472

1. THE NATIONAL DEVELOPMENT COMPANY (NADCO), P O BOX
789, RIYADH, SAUDI ARABIA HAS INFORMED THE EMBASSY THAT
THE SUBJECT FIRM HAS REJECTED A LETTER OF CREDIT CONFIRMED
BY THE BANK OF AMERICA BRANCH AT P O BOX 466, CHURCH
STREET STATION, NEW YORK, N Y 10015 WHICH COVERED
SPECIALIZED GOODS VALUED AT \$361,015. THE BASIS OF THE
REJECTION BY THE FIRM IS THE U.S. FEDERAL EXPORT ADMINISTRA-
TION ACT AND LANGUAGE OF ADDENDA TO AN L/C ISSUED BY THE
RIYADH BRANCH OF BANQUE DE CAIRE.

2. SAUDI FIRM BELIEVES THAT COMMERCE'S EXPORT ADMINISTRA-
TION REGULATION PERTAINING TO RACE, COLOR, RELIGION, SEX
OR NATIONAL ORIGIN IS NOT IN CONFLICT WITH L/C TERMINOLOGY
AND WONDERS WHETHER U.S. FIRM IS JUSTIFIED IN TAKING
SUCH UNILATERAL ACTION AFTER U.S. BANK ACTUALLY CON-
FIRMED LETTER. LOCAL FIRM REPRESENTATIVE, SAMI H. FAYEZ,
UNDERSTANDS GULF AND WESTERN'S RELUCTANCE TO CONTRAVENE
U.S. LAW BUT WONDERS WHETHER REJECTION IN THIS CASE
IS PREROGATIVE OF FIRM WHEN BANK HAS CONFIRMED CREDIT.

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3. THE NATIONAL DEVELOPMENT COMPANY STATES THAT
PURCHASE WAS MADE ON THE BASIS OF A PRO FORMA INVOICE

ON A L/C BASIS.

4. SINCE THE L/C IS MADE OUT ON AN FOB BASIS, ITEM NO. 1 OF THE L/C TERMS RELATING TO INSURANCE AND BOYCOTT APPEAR TO BE EXTRANEIOUS. ITEM NO. 8 OF L/C WHICH STATES "DOCUMENTS SHOULD NOT BE NEGOTIATED EVEN UNDER RESERVE IN ABSENCE OF LEGALIZED DOCUMENTS" HAS NO EXPLICIT BOYCOTT REFERENCE.

5. IT IS POSSIBLE THAT LOCAL BANQUE DU CAIRE BRANCH MAY NOT HAVE ADJUSTED ITS L/C ADDENDA AS MAY HAVE BEEN CASE IN CAIRO HOME OFFICE. IT WOULD BE OF INTEREST TO KNOW WHETHER EMBASSY CAIRO HAS ANY DETAILS RE BANK PRACTICE IN EGYPT.

6. COPIES OF ALL DOCUMENTS SUPPLIED WILL BE AIR POUCHED TO STATE SEPARATELY.

7. EMBASSY WOULD APPRECIATE COMMERCE AND DEPARTMENT'S COMMENTS AND ANY INFO THAT MIGHT BE DEVELOPED IF U.S. FIRM IS CONTACTED.
PORTER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: TRADE DISCRIMINATION, LETTERS OF CREDIT, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760050-0777
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Handling Restrictions: n/a
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Margaret P. Grafeld
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